



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2978

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-235 new
30 ILCS 805/8.43 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Provides that if the City of Chicago issues bonds to be used for the purposes of the Article, the Board shall implement an accelerated pension benefit payment option that allows eligible firemen to elect to reduce their retirement annuity by 25% in exchange for an accelerated pension benefit payment equal to 75% of the present value of the reduction in the retirement annuity, as calculated by the Fund. Provides that the retirement annuity of a fireman who elects to receive an accelerated pension benefit payment shall be reduced by 25%. Provides that the accelerated pension benefit payments may only be made using the proceeds of bonds issued by the city and the total amount of the accelerated pension benefit payments shall not exceed \$500,000,000. Requires the accelerated pension benefit payment to be transferred into a tax-qualified retirement plan or account. Contains provisions concerning return to service, rulemaking, and qualified plan status. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB101 09106 RPS 54199 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by adding
5 Section 6-235 as follows:

6 (40 ILCS 5/6-235 new)

7 Sec. 6-235. Accelerated pension benefit payment.

8 (a) If the city issues bonds to be used for the purposes of
9 this Article, the Board shall implement an accelerated pension
10 benefit payment option that allows eligible firemen to elect to
11 reduce their retirement annuity by 25% in exchange for an
12 accelerated pension benefit payment equal to 75% of the present
13 value of the reduction in the retirement annuity, as calculated
14 by the Fund. To be eligible for the accelerated pension benefit
15 payment, a fireman must:

16 (1) have submitted an application for a retirement
17 annuity;

18 (2) meet the age and service requirements for receiving
19 a retirement annuity;

20 (3) have not received any retirement annuity under this
21 Article; and

22 (4) not have a Qualified Illinois Domestic Relations
23 Order against him or her.

1 (b) Upon the request of an eligible fireman, the Fund shall
2 calculate, using actuarial tables and other assumptions
3 adopted by the Board, an accelerated pension benefit payment
4 amount equal to 75% of the present value of a 25% reduction in
5 the fireman's retirement annuity and shall offer that eligible
6 fireman the opportunity to irrevocably elect to have his or her
7 retirement annuity reduced by 25% in exchange for the
8 accelerated pension benefit payment.

9 (c) Notwithstanding any other provision of this Article,
10 including any minimum annuity amount, the retirement annuity of
11 a fireman who elects to receive an accelerated pension benefit
12 payment under subsection (b) shall be reduced by 25%.

13 (d) As a condition of receiving an accelerated pension
14 benefit payment, the accelerated pension benefit payment must
15 be transferred into a tax-qualified retirement plan or account.
16 The accelerated pension benefit payment under this Section may
17 be subject to withholding or payment of applicable taxes, but
18 to the extent permitted by federal law, a person who receives
19 an accelerated pension benefit payment under this Section must
20 direct the Fund to pay all of that payment as a rollover into
21 another retirement plan or account qualified under the Internal
22 Revenue Code of 1986, as amended.

23 (e) An accelerated pension benefit payment may not be
24 repaid to the Fund.

25 (f) If a person who receives an accelerated pension benefit
26 payment under this Section re-enters service, his or her

1 retirement annuity shall continue to be subject to subsection
2 (c).

3 (g) The accelerated pension benefit payments may only be
4 made using the proceeds of bonds that are issued by the city
5 for the purposes of this Article, and the total amount of the
6 accelerated pension benefit payments shall not exceed
7 \$500,000,000.

8 (h) The Board shall adopt any rules necessary to implement
9 this Section.

10 (i) No provision of this Section shall be interpreted in a
11 way that would cause the Fund to cease to be a qualified plan
12 under the Internal Revenue Code of 1986.

13 Section 90. The State Mandates Act is amended by adding
14 Section 8.43 as follows:

15 (30 ILCS 805/8.43 new)

16 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
17 of this Act, no reimbursement by the State is required for the
18 implementation of any mandate created by this amendatory Act of
19 the 101st General Assembly.

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.